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What you need to know about MONEY AND YOUR CHILD

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THIS PUBLICATION is intended to help parents understand the place of money in their child's life. Whether your child is a pre-schooler or a teen-ager, or somewhere in between, you will find suggestions for his money-management education. Additional help for teen-agers may be found in Circular 989, *Money Talk for Teens*, available from the Agricultural Publications Office, 123 Mumford Hall, Urbana, Illinois 61801.

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MONEY IS MANY THINGS TO A CHILD. To a very young child it is a shiny copper penny, or a silver dime, or the jingle these coins make in his pocket or hand. Then he learns that coins are more than shiny and jingly — they can be used to get candy or toys. Before long he notices that you use coins plus some "green stuff" to buy food and clothing and many other things. He may begin to think that if you have enough money you can get about anything you want.

To the older child, money is what he gets for supplying his services to Mrs. Cunningham, or Mr. Webster, or Mrs. Black. He mows lawns, shovels walks, or babysits, and in exchange for his time and his effort he receives money. This is money he can use to buy something he wants, money he can save, or money he can use for sharing with others.

Like most parents, you probably want your child to learn how to use money wisely. You want him to have a good attitude toward money and its uses, and to have experiences in making choices when spending money and using other resources. You probably want your child to enjoy spending his money, but you also may want him to think of the future and save. You may like him to be generous but not extravagant in sharing with his family, his friends, and those less fortunate.

Learning about the proper use of money and other resources begins at home. Within limits parents still do more than anyone else to mold the attitudes of their children. Of course you'll not be the only one teaching your child about money. He will be influenced by his friends, by your friends, by his teachers, by television programs and advertisements, and by the attitudes of society as a whole. But we believe you have the best opportunity to teach him, especially in the early years.

OUR VARIED BACKGROUNDS

The varied economic backgrounds of today's adults tend to complicate the image of money and its use that we give to children. One group of parents still in the child-rearing years grew up during the Great Depression of the 30's, when money was very limited. Family

income was spent to meet the needs of the entire family — mostly for food, housing, and some clothing.

Another group of parents grew up during World War II, when money was much more plentiful, but when there were few consumer goods to purchase since factories were producing war materials. Much "enforced" saving took place during this period, followed by spending for many consumer goods as they became available in the late 40's and the 50's. Yet another group of parents grew up in the 50's and 60's as technology produced appliances, equipment, and recreational items undreamed of by older generations. Some of these parents have grown up completely in the era of television.

With the varying economic and social backgrounds of today's adults, it is no wonder that many children are mixed and muddled about money and the things money can buy.

Today the major part of family income still goes to meet family needs. However, with family income considerably higher than it was a generation ago, parents can spend more for their own wants and also give their children more money. This means that you as a parent have a bigger responsibility than your parents did to help your children develop desirable attitudes toward money and other resources. Your job is complicated even more by the pressures from advertising and from the greater availability and use of credit, which tempts you and your children to spend and to buy things that others are buying.

And don't forget, there are many more things to buy and many more choices to be made in the market today than when you were a child, or even a few years ago. The ever-expanding number of things to buy makes it more necessary than ever for you, the parent, to give your children help with knowing how to choose what to buy, how to buy it, and when is the best time to buy.

You've had years of practice in spending money. If it's been a good experience, if you've practiced good choice-making, and if you've been able to live within your family's income and are reasonably happy, then you're probably making wise use of money as a means to an end. Pass this "know-how" on to your children.

PARENTS' ATTITUDES AND ACTIONS IMPORTANT

To teach your child about the proper use of money it is essential that you set a good example for him. Your actions and attitudes should reinforce your teaching. One complaint made by young people today is

that their parents and other adults tell them how they should do things, but then the adults don't follow their own advice.

Another complaint of many young people is that our society is too "materialistic." We know that there are many fine things we can have without spending money, but perhaps we have failed to communicate this awareness to today's children. Perhaps, without realizing it, we have given them the wrong impression by thoughtlessly using such phrases as "money talks," "the almighty dollar," and "money is the root of all evil."

Also, we may have assumed that the quality and quantity of our purchases are determined entirely by the amount of money we have, when in fact they are partly determined by our management ability. Perhaps we have been overly concerned about our social position, believing that it depends solely upon our income.

Keeping in mind the positive side — what we can do with our money rather than what we can't do — will help to keep our own attitudes pointed in the right direction. Try to keep in mind that money is *one* means (but only one) you can use to get what you want out of life. Then you will be able to communicate this point of view to your children.

You reinforce your teaching when you meet your child's needs for love. Just as emotionally deprived adults sometimes spend money as a substitute for affection, so do children. Insecurity and anxiety may lead children to overvalue possessions, especially money. They may even turn to stealing, as those who work in child guidance clinics have frequently seen.

WHEN TO TEACH YOUR CHILD ABOUT MONEY

As soon as your youngster can understand the transaction involved in buying a lollipop, he is ready for an explanation about money. Whatever his age, you can help him through advice (sometimes indirect) and through example; you can let him see money used; and you can let him use money. It's a good idea to give a child the opportunity to start using money at an early age. He can be given small amounts, so that his mistakes will not be too costly.

Regardless of the training you give or the plan you follow, you will find that no two children use their money in exactly the same way. Your chief purpose in teaching money management to your child is to guide him to handle it wisely, get maximum satisfaction from its use, and

weigh values so that he can make intelligent choices. These choices will be as different as the unique personalities involved.

GETTING THE MOST FROM THE FAMILY'S INCOME

Your child soon discovers that the family gets money by exchanging the time and work talents of one or both parents for it, and that the family then exchanges the money for certain goods and services. He also should learn, *early in life,* that there is only a certain amount of money available and that most of this has to be used for such things as food, clothing, taxes, and insurance. It's a good idea to explain to children that these expenses come first and that much of the family income is spent for items which benefit the entire family.

Explain that your family is really getting more out of your income when you do some things yourselves and when you take good care of things to make them last longer. Let your child know that when you wash your car, make your own clothes, grow vegetables in your garden, mow your lawn, and do other jobs for and with your family, you are saving money that can be used in other ways. Try to create in your child an awareness of one of the basic facts about maximum use of resources — that when he helps with household tasks and when he takes care of his toys, his clothing, and other things around the house, he is helping to save money for other uses.

Doing some of these things for the family becomes somewhat routine to most adults, so we forget to let children know why we do them. If we explain our reasons to a child, we can help him understand that when he pitches in and helps, he is contributing to the family and is helping the family obtain more with its income.

WHERE THE MONEY COMES FROM

A child's money usually comes from a number of sources. Probably his earliest experience with money was with sums which you gave him from time to time when you thought he should have them for one purpose or another, or when he asked for them. This way of getting money is usually called a dole — or we might call it a handout.

If you continue to dole out money to your child, he will receive only a limited experience. He goes through the motions of spending money, but he's not making the decisions as to how and for what the money will be spent. You are really making these decisions when you give him the money.

The dole system doesn't prepare your child to manage money as an adult. If handled properly, other sources of money such as allowances, earnings from parents or from outsiders, or gifts will provide your child with much more valuable experience in learning how to use money.

GIVE YOUR CHILD AN ALLOWANCE

The best way for your child to learn to manage money is through having an allowance and living within it. Start your child's allowance when he is six or seven, or as soon as he begins to take an intelligent interest in money. Keep the allowance small at first, since he's learning. But from the beginning, give the child his allowance at regular intervals — once or twice a week. Be certain he understands how much he is to receive, what it is to cover, and how often he will receive it.

And do be firm in saying no if your child asks for more money between "pay" periods. When your child receives a fixed amount of money at regular intervals, he'll gradually learn how to manage his money.

Maybe you feel you can't afford an allowance for your child? If so, keep a record of what you give him during the week for school expenses, minor clothing needs, and entertainment. Then give him this amount in the form of an allowance and let him know in general what it is to cover. However, let him have the experience of managing the money and of making decisions about the actual spending.

Your child is getting enough allowance, whatever his age, if the sum meets his actual needs and gives him a little to satisfy his personal desires, a little to share with his family and friends, and something to have for future satisfactions.

The age of your child, the amount of responsibility he is able to accept, and your own financial status should be considered when deciding the exact amount of his allowance. Fifty cents a week may be all you can afford or all your eight-year-old can manage. For an older child you may want to go as high as $50 a month, as the Green family does for John, aged thirteen. He buys his clothes, pays his educational insurance, buys treats for his family, and contributes to other family expenses.

Not all thirteen-year-olds have enough financial ability to manage $600 a year, and not all parents share the Greens' confidence. Handling small amounts, however, will develop a child's skill in managing money and, as he learns, the amount given to him can be gradually increased.

SHOULD YOUR CHILD EARN HIS ALLOWANCE?

Should your child be required to earn his allowance by doing certain jobs around the house or farm? NO — keep these things separate. Really the child has some right to part of the family income just because he's a member of the family. It's better to give him some of this in the form of an allowance. On the other hand, the child has a responsibility to share in routine household tasks, and he shouldn't expect money as a reward. Helping around the house, he should learn, is part of belonging to a family.

There is, however, one way you can help him earn a little extra money at home. If you have special jobs around the house or farm, or in your family business, that you would employ someone else to do, hire your child for the job. Keep the relationship businesslike, and pay him a fair wage for performing the service. This is a good opportunity to teach your child that eventually he may need to work if he wants money.

There should be no strings attached to your child's allowance. And whatever happens, don't use it as a spur or club. Using the allowance to pay him for routine helping around the house, or using it as a reward or punishment not only can ruin your child's outlook about money for the rest of his life, but also can keep him from learning about family responsibilities. He may come to think of money as a powerful ammunition that adults use at their convenience. As a matter of fact, one reason why many couples today are having difficulty in the financial area is that one or the other is trying to hold the family income as a club over the other spouse to get his or her way.

When you stop your child's allowance as a disciplinary measure or increase it as a reward, you are losing sight of your real purpose — to teach him to use money and to gain experiences in economic choice-making.

LET HIM EARN A LITTLE

Often the money your child earns gives him a greater sense of freedom and recognition than money that is given to him. Earning money is good as long as the work is not too strenuous and there is still time for the child to study, to play, and to take part in family activities, family tasks, and school life.

A child gains valuable experiences when he earns money by performing extra household chores for you, or by working for others.

He has the opportunity of learning the value of money in terms of time and effort. If your child successfully meets the job requirements of his employer, particularly of somebody other than his parents, he also has developed a valuable trait to take into adult life.

Should your child be paid for working at home? If your answer is an unqualified "no," you will be depriving him of valuable experience to be gained when he earns money. If your answer is an unqualified "yes," you may find your child becoming very businesslike, bargaining for the easiest jobs, and refusing to work when the price is not attractive. Then your only recourse is to be equally businesslike and to pay only for work that is done well.

As suggested earlier, many parents have solved this problem by paying only for special jobs, those they would otherwise hire done, such as cleaning the garage or clipping the hedge. This is the recommended practice and if it is yours, decide with your child which jobs are his responsibility to do without payment and which ones he can consider a source of extra income.

USING MONEY

Parents can help their children develop good attitudes toward money and can give them indirect experiences in money matters by letting them take part in discussions about using the family income. For example, if you explain to your child that a new battery for the family car costs as much as a new bicycle, he will have some understanding of what the family income will buy. Otherwise it may seem like an inexhaustible sum to him.

Parents can also help children plan how to spend the money they have. Teach your child that money goes farther with planned spending, and that spending money without getting something worthwhile in return is wasting it. Of course your child will make mistakes. But if you praise him when he has used his money well and help him to learn from his mistakes, his ability to manage money will improve as he matures.

LET HIM SPEND

There are many opportunities to give children experiences in using money. You may let your child buy small orders at the grocery store, pay the paper boy, pay for the gas for the car, or take care of many other small bills.

Besides these, however, your child needs additional types of experiences if he is to develop his own philosophy and pattern of spending. This is why we recommend an allowance. Don't be surprised if he sometimes disagrees with you as to how his allowance is to be spent. You may believe in buying a really good blouse, but your daughter may prefer one with less quality so that she can afford a scarf to go with it. She may be right, but if she is wrong, let her find out for herself. Choice-making is not learned in one effort and of course no two people ever have the same money needs. Set some limits on what a child has to spend at first, so that a mistake in judgment will not involve enough money to cause unhappy consequences.

Avoid emphasizing mistakes, or you will discourage your children from making decisions. One child, for example, was so severely criticized about his financial mistakes that he told his parents he would rather not have an allowance. If properly used, however, a child's mistakes can become learning situations.

LET HIM USE GIFT MONEY

On birthdays and at Christmas, from visiting relatives and family friends, your child may often receive money as gifts. He needs to understand, however, that he should not count on gift money or expect it. You don't want your child to feel that his grandmother or anyone else is obligated to give regularly to him.

Remember that the gift money is his. You should not arbitrarily dispose of it for him, even for such worthy purposes as a college education account or some expensive dental work, unless it was given to him for that purpose. One young mother, remembering her own childhood, said regretfully, "Mother and Dad always banked my gift money. At times I needed clothes very badly, and a coat or a dress would have meant so much more than a growing savings account."

On the other hand, don't let your child think of gift money as a windfall to waste. Instead, consult with him about what to do with the money. You can help him if you understand how he feels about the gift and if you know what his present needs and wants are. Perhaps he will want to save part of his gift money and use part for clothing, books, or hobby equipment. Or he may find the greatest satisfaction in using the whole sum for a trip to the state fair, to the home of a favorite relative, or to 4-H camp. If he isn't satisfied with how his gift money is used, the gift itself will lose its meaning for him.

TEACH HIM TO SAVE

Sometimes make it a point to discuss saving with your child. However, don't expect him to appreciate the value of saving for some vague or far-distant goal. He can understand saving for something near and definite, such as a new car or television set, but saving for family security may be meaningless to him.

Don't emphasize saving to the point that your child saves when he might better spend. Let him know that there are expenditures he should make and that he has obligations to himself and others. You do not want your child to be like the girl who always forgot her purse when the family went to the fair or the boy who drank colas as long as his chum paid for them, and then switched to water.

Remember that your example either encourages or discourages your children to save. If you regard saving as something you will do in the vague future, your child will regard it with an equal lack of interest. Find the middle road in saving.

ENCOURAGE HIM TO SHARE

If your child is to grow into a generous, considerate, and confident person, he needs to know that money can provide satisfactions beyond those of earning, spending, and saving. With your help he can learn not only to share but also to enjoy sharing with his family, with his friends, and even with people he does not know.

How can your child share his money? Within the family he can buy treats, contribute to family projects, and buy gifts for birthdays and special occasions. Taking his friends to the movies, paying for his share of soft drinks and candy, and buying gifts for birthday parties help your child to become a more social person. Your church and school provide opportunities for sharing with others besides his own family and friends.

In sharing as in spending, your child will need to make choices. He will have to decide when to share his money and how much to share. You can help by letting him see how you share your money. Let him see also how you share your time, energy, and skills so he will realize that while sharing money is often the easiest way to help somebody else, it may not be the best or the only way. When he shovels snow for elderly Mr. Smith, for example, he is sharing his time and energy.

Praising him when he does something generous will encourage him to continue in this direction.

WHEN YOUR CHILD IS SMALL

Even before receiving an allowance your child can have many and varied experiences with money. When you drive the car to town, he'll enjoy picking out the pennies from your purse and putting them into the parking meter. He'll feel important going to the door with change for the paper boy. And carrying a few pennies to jingle in his pocket will give him a grown-up feeling before he is interested in actually buying anything.

Allowances

At three or four your child usually won't be much interested in an allowance unless an older brother or sister is receiving one. If this is the case, you can work out a system of small payments for him. Otherwise, an allowance can be something for him to anticipate having when he's ready for it. One child may be quite ready to manage an allowance when he starts to school, while another may not be ready for a year or two later and will need more of your help and guidance.

Earning

The small child who helped his mother with the dishes and then asked for a penny may have been a psychologist or a very good businessman in the making. At least he gave his mother a starting point for giving him money of his own. When this sort of thing happens, you can avoid establishing the pattern of paying for work at home by saying to your child that he is old enough to have some of the family income for his own — an allowance. You can develop the idea that having money is part of growing up, and that helping with the daily chores is another part of growing up.

Spending

As your child spends small sums, he will gradually learn the value of a nickel or dime in relation to other money. He may start by deciding whether to have an ice cream cone or a box of animal crakers for his dime, then gradually progress to the more difficult choice of whether to make several purchases with a quarter or to spend it all for one item. He needs to have freedom of choice. So when he has decided what he wants, let him buy it. Whether he is or is not satisfied with his choice, it will be a valuable learning experience for him.

Saving

Children can start saving at an early age. When a child doesn't have 15 cents to buy a whistle he wants, teach him how he can save three nickels or 15 pennies in order to get his whistle. Don't urge him to save any large amount for some purchase in the distant future because he will lose interest before he sees results.

Sharing

When a child has a dime to use as he wishes, occasionally suggest the possibility of spending it for something he can share with you, his brothers or sisters, or the youngster next door. Accept with pleasure the things he wants to share with you.

The youngest of several children may need a little help to keep him from feeling either that he should have special consideration or that he is being imposed upon. Also, an only child may by turns be too eager to spend and too afraid to share. Children need many experiences with money before they can work out a good balance of spending, sharing, and saving.

NOW HE'S IN SCHOOL

Allowances

If you give your child an allowance when he begins school, leave the way open for adjustment. Keep in mind that your child's financial problems are just as real to him as yours are to you. If your child is always in need of money, either his allowance isn't big enough or he is not spending according to plan. Checking where the money is going may help you and your child find the difficulty. You may wish to have him keep a day-by-day record of his spending for a while.

You may find, as many parents do, that 25 to 50 cents a week is a satisfactory amount of spending money for six- to nine-year-olds. On special occasions, a school entertainment for instance, you can supplement the sum. If there is any fixed need, such as buying lunch at school, you will have to allow more. As he grows older, you may want to increase your child's share of the family money to 75 cents or one or two dollars a week. The amount of the allowance should be based on the things it is to cover and on the youngster's ability to manage money.

As a child's interests and activities expand, he will need more money. Some families regularly look at their financial situation in

relation to their present activities in order to make changes. When that happens in your family, your child's financial needs should be considered too.

Losing money

Children, like adults, occasionally lose or misplace money, just as they lose sweaters, gloves, and other things. If the lost money was intended for lunch or some other essential, you may have to replace it. But if it was for personal spending, the child should wait until more is accumulated, just as you would have to wait if you had lost yours.

Even though it is hard to turn down the pleas of an unhappy child, standing firm and not reimbursing him will help him to learn that his money is gone and there won't be any more until "payday." You can sympathize with him, but explain that if you lost your money, the family would have to do without many things.

If your child loses money often, it indicates a carelessness that you will need to help him overcome. You can encourage him to carry only a part of his money, just as much as he is going to use. Together you can find a regular place for him to keep his money and a better way to carry it.

It is not wise to take away the child's allowance just because he has trouble hanging on to it. He can't learn to take care of money if he isn't given an opportunity.

Is it wise to pay for good grades?

When your child is ready for school, you may feel that now you can give him an opportunity to earn — you can pay him for making good grades. This is a mistake, however, for one of a child's responsibilities is to do as well in school as he can without expecting a money reward. In addition, when there are other children in the family and all are not equally capable, paying for grades may create a problem in family relationships as well as in emotional adjustment for the children.

Paying for good grades makes them an end in themselves. What you actually want is a well-rounded child who has broad interests and not just an impressive report card. When children are paid for bringing home good grades, they frequently resort to bartering and in some cases to unfair means of getting their rewards.

Earning

What are your grade-school youngster's opportunities for earning? They will differ with the family situation, his age, his health and abilities, and the community. If you live on a farm, he has a unique opportunity — he can share in the farm enterprise. He may progress from the simplest of jobs to a junior partnership in the business. Such projects have the advantage of demanding increasing responsibility and providing increasing returns. If your child is part of the farm business, he will learn something of the problems that arise when economic conditions change.

In town your son may earn his money from a paper route, from doing errands, and other after-school jobs. Your daughter may find earning more difficult, but boys have no monopoly on paper routes. Some enterprising children earn money by walking dogs, pulling weeds, and washing cars for neighbors.

Spending

By the time your child is of elementary school age, he should be used to making choices as he spends. Now he may need your help in working out a system for dividing his money according to his needs. One parent planned with his nine-year-old as follows: weekly, $2.00 to be spent for school lunches; 60 cents for school supplies, personal needs, and treating his friends; 15 cents for Sunday School; and 25 cents for saving. This youngster is well aware of his financial situation and carefully weighs his expenditures.

As your child gets older, his allowance should be increased to cover more purchases, so he will have more experiences in choice-making. True, you can buy a blouse for Sue in half the time it takes when you go with her and let her make the selection. But look ahead. Sue will have her own paycheck some day. She will be likely to spend it more wisely if she has had practice in making choices.

Your children will soon discover there are other ways of buying than with cash. Even if yours is a pay-as-you-go family, your children may want to explore the world of credit. When your son asks you to approve a credit plan for buying a new bike to use on his paper route, or a calf for a 4-H project, your responsibility is to keep his plan reasonable and practical. Be sure he understands just how and when the money must be returned and some of the sacrifices he will have to make.

Saving

Your child's first interest in saving may come when he wants a baseball glove like the other fellows have. You can help him plan how much he must save from his allowance, and how long he will need to save to buy the glove. If you are willing to help pay for it, tell him so at the beginning rather than coming to his rescue at the last moment.

There will be times when his allowance is all spent and an attractive invitation to go camping or to attend some school event may make your grade-school youngster wish for a contingency fund. This would be a good time to suggest that he start a savings account from his next week's allowance. Go with him to the bank or savings and loan association to establish an account. You will find the personnel at these institutions interested in your child's account and willing to help him learn good banking practices.

Sharing

Remember your child's birthdays and encourage him to remember those of his family and friends. Let him buy gifts for Mother's Day, Father's Day, and Christmas. When it's his turn, let him treat his friends.

Contributions to Sunday school, church, 4-H Club and Scout projects, and Care packages take him beyond the circle of those he knows into a broader concern for the welfare of others.

HE'S ALMOST GROWN UP

There are over 25 million teen-agers in this country. With billions of dollars at their disposal, they have an awesome amount of purchasing power. They are important customers for a wide variety of products from cosmetics to cars.

The amount of money individual teen-agers have at their disposal varies, of course, with age, sex, family affluence, and earnings. For example, older teen-agers have more money than younger ones; both allowances and earnings increase with age. Boys have more money than girls of the same age, and earnings are a more important source of income for them than for girls.

Your teen-ager and the group

At no other age is the compulsion to conform to the group as great as during the teens; and no other group seems to have defined

so well its identity, customs, preferences, and behavior patterns. In addition, the teen-ager is exposed to outside pressure to conform. Much of this outside pressure comes from advertisers, who consider the teen-age group an important "target."

Individuals vary in their reaction to group pressure, but all are affected by it. Perhaps one of our big responsibilities is to encourage the teen-ager to develop his own pattern of money management based upon good judgment. He will then not be so readily influenced by his group. You should encourage him to evaluate the group needs for similar clothes, cars, and entertainment, and to occasionally resist them. This is part of the growing up he must do. Remember that the teens are years of great change. They are years that will see a child turned into a young adult attending college, holding a job, or possibly getting married.

How can parents counteract group influences that they feel are bad? One of the most effective ways is to have set a good example all along by taking the family's needs, wants, and income into consideration when making decisions about money, and by allowing your teen-ager to participate in this planning. Family experiences in money management will provide a frame of reference when your teen-ager faces decisions on spending his own money.

Another way is for a number of parents to consider together the problems facing their teen-agers. When enough parents unite on a definite program, a desirable influence is created.

A similar approach is to invite young people and perhaps their teachers, as well as their parents, to get together and talk over the issues. After all sides of the problem, especially that of the teen-agers, have been presented, a solution can often be found that will be agreeable to all concerned.

Allowances

Teen-agers should have an allowance, but no more than the family can afford. An allowance gives a youngster a continuing experience of using money and living within his income. If your child has not previously had this experience, he should get it when he is in his teens.

During the teen years in particular, the "dole" system is not recommended. Young people who prefer the dole because they "get more that way" will not feel the need to plan or to set any limits on their spending and, what is more serious, they will get no real experience in planning and choice-making.

If a youngster has been receiving an allowance while in grade school, it is recommended that the amount be increased during his high school years and that it cover an increasing number of personal needs. Some parents, for example, give their high school youngsters the responsibility of buying more of their own clothes than formerly, paying their insurance, maintaining a savings account, and taking care of their medical and dental expenses. At some time during the high school period, the allowance should be comprehensive if your financial situation permits. This practice enables the teen-ager to gradually assume increasing responsibility in spending money for his personal needs.

Some families cannot afford to provide allowances for their children. As a matter of fact, their teen-agers' earnings have to be used to help meet family obligations. If this is the case in your family, your children should be consulted and their feelings and interests considered. The decision made should be agreeable both to them and to you.

If your family includes several teen-agers, some earning outside the home and others contributing to the work within the home, you will have to work out a system with them that is fair and agreeable to all. Your children are more likely to assume their share of responsibility when they understand the family's financial situation.

Looking to the future

Since your teen-agers will soon be on their own, they need to learn something about the cost of maintaining a home and family. The best way to do this is through practical experience in family money management. For example, if you have a food budget, teen-agers can do some of the meal planning and weekly food buying — at first with your help and supervision, and later on their own.

If your teen-agers are constantly using the family car, they could assume the responsibility for servicing it, paying insurance and other bills for the car, and keeping an accurate record of all car expenses. Reconciling the bank statement can give a picture of both monthly and seasonal expenditures. If you keep family account records, let your teen-ager write down the expenditures so he will see at first hand where family money goes. These records will give your son or daughter who is thinking about marriage, college, or a job some facts about how much it costs to live.

Earning

Young people are under so much pressure to spend that most of them are eager to earn. Certainly the teen-ager should have an opportunity to learn from a working experience. He should arrive at adulthood with an appreciation for work and with the experience of meeting work situations responsibly.

Yet some limits must be set on the amount of work he can do if he is to make the most of the other learning opportunities available to him. The high school boy who works long hours to support a car may have little time or energy left for study, school activities, or other social experiences. Encourage him to set his own limits on the hours he works, as he talks over his problems with you.

Working for an employer outside the family gives a young person confidence in dealing with other people and some knowledge of what is expected on both sides of the employer-employee situation. If your children are working with you in the farm enterprise, you can still be businesslike. Don't impose on them and don't let them shirk their tasks. Make definite contracts; don't just give what you feel like sharing after the corn or cattle have been sold. Young people often prefer the most menial of steady-paying jobs to such uncertain prospects.

If your child works away from home during the summer, you might suggest that he vary his jobs. Through vacation work he may find the career that appeals to him. Hospitals, playgrounds, resorts, and factories offer summer opportunities.

Some teen-agers have developed successful businesses from their hobbies; others are cashing in on skills and abilities. Don't take their ideas lightly. If your daughter thinks that her ability to wrap gift packages beautifully can be turned into a source of income, encourage her to be businesslike in studying her market, setting her prices, and advertising her services. Be her consultant in considering the advantages and disadvantages of her venture. If she needs capital, advance money to her strictly on business terms or help her to get a loan from the bank.

Spending

Teen-agers should decide how their money is to be spent. Although parents may offer advice, the teen-ager should control his own purse strings and should accept responsibility for his choices.

According to studies of American teen-agers, expenditures in the early teens tend to be for frequently purchased, relatively inexpensive personal articles. In the late teens, purchases include major items. It is well known too that teen-agers concentrate their spending on certain products. Their purchases of such diverse things as ice cream, carbonated beverages, lipstick, deodorants, and popular records account for a considerable part of the total sales of these items.

Teen-agers often use credit as well as cash for their purchases. Some stores even have special credit plans for this age group. It is therefore important that teen-agers understand the cost of credit and know how to use it wisely. With your counsel and through experience, your child can learn when it is best to delay buying until he has the money and when it is wise to buy on a credit plan.

Saving

While planning for future purchases is important for all teen-agers, it is particularly important for those who live on farms, since they will be confronted with variable yearly incomes if they choose farming as a career.

For successful saving, your teen-ager needs a purpose, a plan, and resources. Reasons for saving are not hard to find. Most high school students look forward to vacation trips, summer camp, or college. They like clothes, and many have hobbies for which they need equipment. It's up to you to help your teen-ager decide what he wants to save for and how to accomplish his goal. By encouraging him to choose definite goals, you'll be discouraging wasteful spending and lack of planning on his part.

Since saving is most effective if done systematically, talk over plans with your teen-ager. Help him decide whether he should save by the week or by the month. Also, help him decide where he can best keep his money — in government bonds, in the savings and loan association, or in the bank.

Sharing

After your child enters high school, his sharing starts to become more complex and more like that of an adult. He still has the responsibility for individual sharing, such as giving to his church, but he may also have to take on such tasks as managing the funds for the youth center or for school extracurricular activities.

Sometimes a high school group may spontaneously embark on a special program of sharing. One senior class, for example, decided to give the funds for their class trip to their adviser when her home burned. The important idea in such sharing is that it be done within the budget of the student. Often the whole family can take part in sharing, but for the senior class mentioned above, the project would have lost its point if the parents had been solicited to help out.

Because your teen-ager is sometimes an adult and sometimes a child in his behavior, it is part of your job to point out to him opportunities for sharing so he will know he has your approval when he does share with others.

A FINAL WORD

The experiences of children in getting and using money will depend largely on the financial situation of their parents. This circular, however, has suggested ways in which all children may be provided with favorable opportunities for using money. It is the prevailing opinion that children should receive allowances which are adjusted through the years to cover an increasing number of personal needs. As a child grows he should supplement his allowance with earnings from appropriate types of work.

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